

PROCLAMATION

BY THE

Governor of the State of Texas

41-1733

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AUSTIN, TEXAS 78711

ALL TO WHOM THESE PRESENTS SHALL COME:

June 14, 1979 JUN 21 1979

Pursuant to Article IV, Section 14 of the Constitution of Texas, hereby veto House Bill 1733, because of the following objections:

This bill is an amendment to the existing local Housing Authority Act. Under present law, while local housing authorities have the power to and do issue tax exempt revenue bonds (usually secured or purchased by the federal government) for low income housing purposes, a question exists as to whether they could under present law issue bonds for the purpose of acquiring mortgage loans. Historically, their activities have been generally confined to financing, constructing and operating low income multi-family housing projects.

The legislature this session has passed three bills dealing with mortgages for low and moderate income families. In looking at the three bills I feel it would be a mistake to sign all three. There could be a proliferation of bonds on the market making it more difficult for local governmental entities to sell bonds for traditional purposes. In addition Congress is proposing new rules that will drastically curtail the sale of these bonds. No one knows what these new rules will be. Of all the programs now in effect the one that has had the most adverse affect on the neighborhoods of the county is the placement of low income housing by housing authorities. They have in almost every instance resulted in the building and financing of "tomorrow's slums." Recent court decisions have mandated that where federal funds are involved low income housing must now be located in all areas of the community regardless of the desires of local officials or the zoning ordinances of affected cities.

I feel that something needs to be done to provide for lower interest rate mortgages for our lower and moderate income families. I have signed the State Housing Act (Senate Bill 296) which establishes a state agency that can obtain federal housing grants, similar to those established in 42 other states. Secondly, I have signed the City Housing Bill (House Bill 1876) which will allow cities to establish non-profit corporations to issue bonds for low interest rate mortgages. This bill allows local people, through their elected officials to take care of the local problems around the state. It would insure that the State Agency alone could not be used for political purposes by deciding where state money should flow to the exclusion of some city not in political favor with a particular administration. Therefore, because housing authorities are not elected I have decided, and hereby veto the Local Housing Authority Bill, House Bill 1733.

Respectfully,